

FISCAL NOTE

HB 3103 - SB 3657

February 10, 2008

SUMMARY OF BILL: Establishes requirements for municipal water services that serve subscribers both inside and outside the corporate limits. When the subscribers outside the corporate limits comprise more than 50 percent of the subscribers, the area served is to be divided into five districts and a five-member utility board established.

ESTIMATED FISCAL IMPACT:

**Increase Local Gov't. Expenditures* – \$2,750,000/One-Time
\$825,000/Recurring**

Assumptions:

- According to the Municipal Technical Advisory Service (MTAS), 55 municipal water systems would be required to establish a utility board.
- The cost of creating a utility board, including legal and procedural costs, is estimated to be \$50,000 per utility board, with a total one-time cost of \$2,750,000 (55 utility boards x \$50,000 = \$2,750,000).
- There will be a recurring cost of \$15,000 per utility board for operational expenditures, for board members's monthly travel and record-keeping, with an annual cost of \$825,000 (55 utility boards x \$15,000 = \$825,000).

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James W. White, Executive Director

/kmc